FSC-146-A	9/18/97
SUBJECT:	Legislated Non-Self-Service, RJR Merchandising/Presence Development (Package Outlets)

DISTRIBUTION:

X AVP	X KAM	X DM
X RSM	X AM	___ RM
X RBM	X AE	___ Sales Rep
___ ROM	X AMO	___ Retail Rep

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Objective: Communicate a new packet which has been developed for presentation to Pack Outlet retailers entitled **"Legislated Non-Self-Service, RJR Merchandising/Presence Development (Package Outlets)".**

Purpose: Provide affected retailers a conceptual view of RJR Merchandising/Presence Development as it relates to potential Legislative Restrictions. This presentation will replace the current gatefold "Transitioning to NSS - Pack Outlets" that currently resides in CAPS. These new presentation materials are provided via hard copy versus CAPS due to the number of color illustrations which preclude electronic transfer.

As stated in earlier correspondence, it is RJR's intent to plan for a future of Legislative Restrictions, while maintaining current self-service scenarios until implementation details become better defined. We feel that this approach is in the best interest of both RJR and the Retailer. In summary, we want to sell the future solutions today, but not convert the retail environment to N/S/S until the regulations are clear and it is actually required by law.

It is important to emphasize to retailers, during the presentation, that (3) priorities are critical to success in a Legislated Restriction environment:

- **Priority Pack Presence** - Visible pack representation on major selling brands via priority displays maintains its level of importance regardless of a Self-Service or NSS scenario.
- **Promotional Capability** - RJR's solutions provide flexible promotional solutions that are built into both Display and Modular Backbar components. Strong promotional presence plays the same critical role that it does today in maintaining/building the Cigarette Category of tomorrow.
- **Carton Graphic Visibility** - Carton graphic exposure is maximized via carton waterfall approach. In a future of advertising restrictions, RJR product must engage the adult smoker where advertising panels are utilized today. For the retailer, waterfall cartons serve the primary purpose of identifying the cigarette department/letting adult smokers know you're "in the business".

As competitors are currently presenting NSS solutions, a section of the presentation is dedicated to competitive assessment of their approaches.

Illustrations of each concept are available to show various manufacturer contract scenarios. To assist you in your initial retail presentations, select only the illustrations that best coincide with the current contract combination of the retailer (i.e. if the retailer is currently on contract with RJR, B&W, and Lorillard, add only the (3) company illustrations to your presentation deck). Since RJR's Category Management principles represent an Industry Approach, any (2) company scenarios should be presented when requested specifically by the retailer.

Both a "Summary" and "Narrative" version are included for your usage. It is recommended that the "Summary" deck be utilized for Retail Presentations with the "Narrative" version for retailer copies. Illustrations are inserted in the "Summary" version only for the sake of duplicity. Availability of the actual components illustrated in our conceptual solutions will be announced in the near future. We anticipate production of these concepts based on further information becoming available of a legislative and/or regulatory outcome with revisions, as necessary, to address any compliance details.

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Source: https://www.industrydocuments.ucsf.edu/docs/gqvy0000

In addition, we will be forwarding a carton outlet gatefold similar to this pack outlet presentation in the next few weeks.

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